

**ENOCH CITY
FINANCIAL STATEMENTS
JUNE 30, 2006**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Enoch City
Enoch, Utah 84720

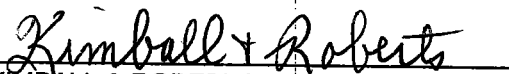
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enoch City as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Enoch City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enoch City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2006, on our consideration of Enoch City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 13 and 43 through 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 12, 2006
Richfield, Utah

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is used to assist in formatting, for easier reading)

**ENOCH CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2006**

This discussion of Enoch City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2006. This report is in conjunction with the City's financial statements.

The purpose of the City is to provide general services to its residents which includes general government, public safety, highways and public improvements, and parks and recreation.

Financial Highlights

- * The assets of Enoch City exceeded its liabilities as of the close of the most recent year by \$12,480,350 (net assets). Of this amount, \$1,353,698 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$1,795,299. The revenues did not exceed the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the City's governmental funds reported combined ending fund balances of \$1,190,976, an increase of \$153,736 in comparison with the prior year. Approximately 45 percent of this total amount, \$543,856 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$296,053, or 23 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Enoch City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of City include general government, public safety, highways and public improvements and parks and recreation. The business-type activities of the City are water, sewer and sanitation.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Enoch City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital project fund both of which are considered to be major funds.

The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Enoch City maintains three types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. A combining statement for these three funds is shown elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation funds which are all considered to be a major funds of the City.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

The combining statements referred to earlier in connection with the non-major governmental fund and the major enterprise funds is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Enoch City, assets exceeded liabilities by \$12,480,350 at the close of the most recent fiscal year. By far the largest portion of the City's net assets (63 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Enoch City's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets:	1,468,281	1,078,761	3,496,210	3,220,599	4,964,491	4,299,360
Capital Assets	<u>4,030,829</u>	<u>3,201,083</u>	<u>7,241,941</u>	<u>6,840,981</u>	<u>11,272,770</u>	<u>10,042,064</u>
Total Assets	<u>5,499,110</u>	<u>4,279,844</u>	<u>10,738,151</u>	<u>10,061,580</u>	<u>16,237,261</u>	<u>14,341,424</u>
Long-Term Liabilities:	34,886	29,305	3,220,609	3,500,614	3,255,495	3,529,919
Other Liabilities	<u>277,305</u>	<u>41,521</u>	<u>224,111</u>	<u>84,933</u>	<u>501,416</u>	<u>126,454</u>
Total Liabilities	<u>312,191</u>	<u>70,826</u>	<u>3,444,720</u>	<u>3,585,547</u>	<u>3,756,911</u>	<u>3,656,373</u>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	4,030,829	3,201,083	3,891,390	3,330,965	7,922,219	6,532,048
Restricted	<u>647,120</u>	<u>536,498</u>	<u>2,557,313</u>	<u>2,028,029</u>	<u>3,204,433</u>	<u>2,564,527</u>
Unrestricted	<u>508,970</u>	<u>471,437</u>	<u>844,728</u>	<u>1,117,039</u>	<u>1,353,698</u>	<u>1,588,476</u>
Total Net Assets	<u>5,186,919</u>	<u>4,209,018</u>	<u>7,293,431</u>	<u>6,476,033</u>	<u>12,480,350</u>	<u>10,685,051</u>

A portion of the City's net assets (26 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,353,698) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased Enoch City's net assets by \$977,901.

Enoch City's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	408,386	225,161	1,087,801	974,027	1,496,187	1,199,188
Operating Grants	191,469	188,228	-	-	191,469	188,228
General Revenues:						
Property Taxes	189,510	165,594	-	-	189,510	165,594
Other Taxes	444,215	381,889	-	-	444,215	381,889
Gain on Sale of Assets						
Impact Fees	105,100	59,000	681,500	468,300	786,600	527,300
Revenues:						
Contribution to Infrast.	1,076,400	-	-	-	1,076,400	-
Unrestricted Investment						
Earnings	75,126	41,199	109,516	50,849	184,642	92,048
Total Revenues	2,490,206	1,061,071	1,878,817	1,493,176	4,369,023	2,554,247
Expenses:						
General Government	357,802	326,094	-	-	357,802	326,094
Public Safety	540,512	305,361	-	-	540,512	305,361
Highways and Public						
Improvements	557,157	352,442	-	-	557,157	352,442
Parks and Recreation	56,834	28,316	-	-	56,834	28,316
Interest Expense	-	-	48,234	-	48,234	-
Water, Sewer, Sanitation	-	-	1,013,185	918,776	1,013,185	918,776
Total Expenses	1,512,305	1,012,213	1,061,419	918,776	2,573,724	1,930,989
Increase in Net Assets						
Before Transfers	977,901	48,858	817,398	574,400	1,795,299	623,258
Increase in Net Assets	977,901	48,858	817,398	574,400	1,795,299	623,258
Net Assets - Beginning	4,209,018	4,160,160	6,476,033	5,901,633	10,685,051	10,061,793
Net Assets - Ending	5,186,919	4,209,018	7,293,431	6,476,033	12,480,350	10,685,051

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Five noteworthy exceptions, however, were the City's purchase of capital assets as follows:

- 1). Police car - \$12,750.
- 2). Computer Software-\$12,000.
- 3). Construction in Progress-\$179,259.
- 4). Equipment-\$241,100.
- 5). Utility System-\$114,625

Business-Type Activities

Business-type activities increased the City's net assets by \$817,398 accounting for 46 percent of the total increase in the government's net assets. Key elements of this increase are as follows:

- * Impact fees collected during the year was \$681,500.
- * The revenues did not meet the adopted budget amounts, and expenses were less than the adopted budget amounts.

Financial Analysis of the Government's Funds

As noted earlier, Enoch City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City's governmental funds reported combined ending fund balances of \$1,190,976, an increase of \$153,736 in comparison with the prior year. Approximately 45 percent of this amount, \$543,856, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund is *reserved* to indicate that it is not available for new spending because it has already been committed to highways and public improvements for \$329,616, and impact fees of \$317,504.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved fund balance of the general fund was \$296,053, while total fund balance reached \$943,173. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 44 percent of total general fund expenditures, while total fund balance represents 95 percent of that same amount.

Proprietary Funds

Enoch City's proprietary funds provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, sewer and sanitation funds at the end of the year were \$844,728. Other factors concerning the finances of these funds has already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$361,800 can be briefly summarized as follows:

- * \$132,229 increase in general government.
- * \$132,645 increase in public safety.
- * \$35,900 increase in highways and public improvements.
- * \$15,074 decrease in parks and recreation.
- * \$76,100 increase in non-departmental for transfers out.

During the year, actual revenues were less than budgeted revenues by \$399,906 and actual expenditures were less than budgeted expenditures by \$482,672 resulting in a net increase in fund balance of \$82,766.

Capital Asset and Debt Administration:

Capital Assets

Enoch City's investment in capital assets for its governmental activities as of June 30, 2006, was \$4,030,829 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and paved trails.

The total increase in the City's investment in capital assets for the current year was \$270,749. Major capital asset events during the current year are shown below by category in the comparison to the prior year.

Enoch City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	853,000	703,000	128,377	88,017	981,377	791,017
Water Shares	-	-	58,375	58,375	58,375	58,375
Infrastructure	2,586,205	1,872,125	-	-	2,586,205	1,872,125
Buildings	493,824	515,158	48,863	50,581	542,687	565,739
Improvements	-	-	6,313,766	6,414,777	6,313,766	6,414,777
Construction in Progress	-	-	319,710	140,241	319,710	140,241
Vehicles & Equipment	97,800	110,800	242,850	88,990	340,650	199,790
Total	<u>4,030,829</u>	<u>3,201,083</u>	<u>7,111,941</u>	<u>6,840,981</u>	<u>11,142,770</u>	<u>10,042,064</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$3,360,792. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and general obligation bonds.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	-	-	2,160,000	2,268,000	2,160,000	2,268,000
Revenue Bonds	-	-	1,200,792	1,232,616	1,200,792	1,232,616
Total Long-Term Debt	<u>-</u>	<u>-</u>	<u>3,360,792</u>	<u>3,500,616</u>	<u>3,360,792</u>	<u>3,500,616</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the City. The total allowable general obligation debt at June 20, 2006 is approximately \$14,000,000. The present general obligation debt is \$2,160,000.

Additional information on the City's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

* The utility rates remained the same as the prior year.

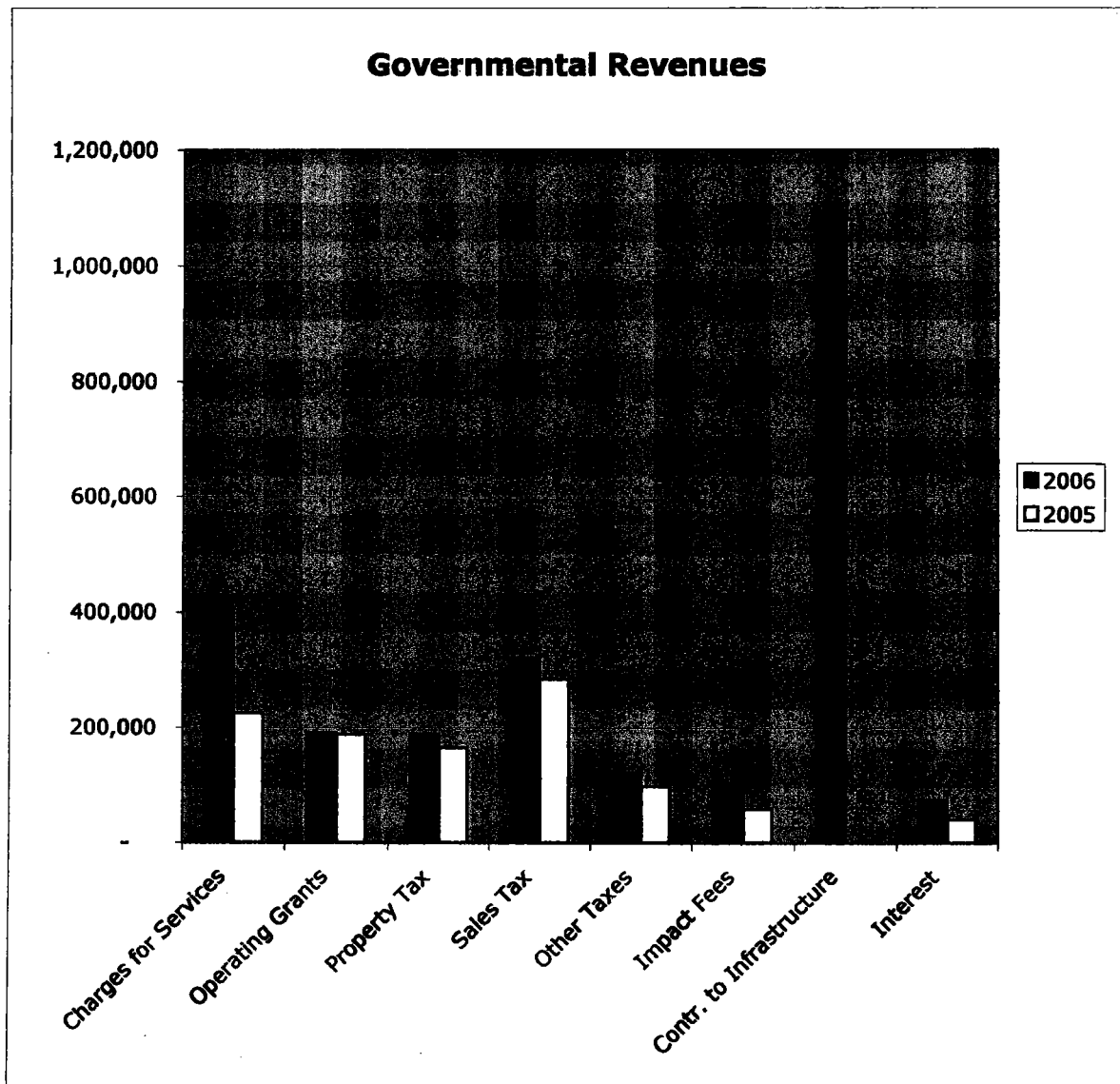
This factor was considered in preparing the City's budget for the 2005-2006 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Enoch City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Enoch City's Treasurer, 900 East Midvalley Road, Enoch, Utah, 84720.

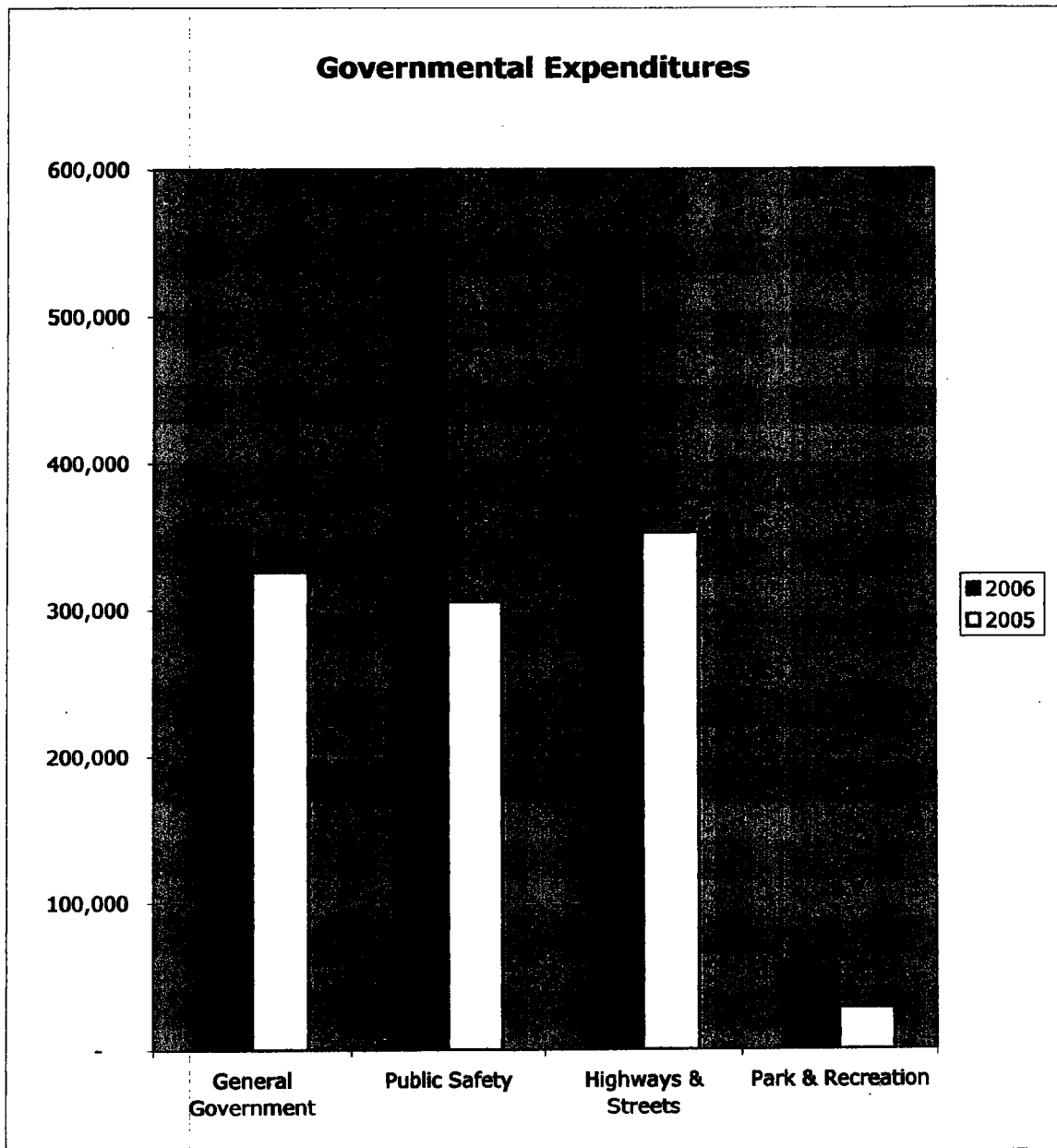
Enoch City
Governmental Revenues
For The Fiscal Years Ending June 30, 2006 and 2005

	2006	2005
Charges for Services	408,386	225,161
Operating Grants	191,469	188,228
Property Tax	189,510	165,594
Sales Tax	321,829	284,288
Other Taxes	122,386	97,601
Impact Fees	105,100	59,000
Contr. to Infrastructure	1,076,400	-
Interest	75,126	41,199
Total Revenues	2,490,206	1,061,071



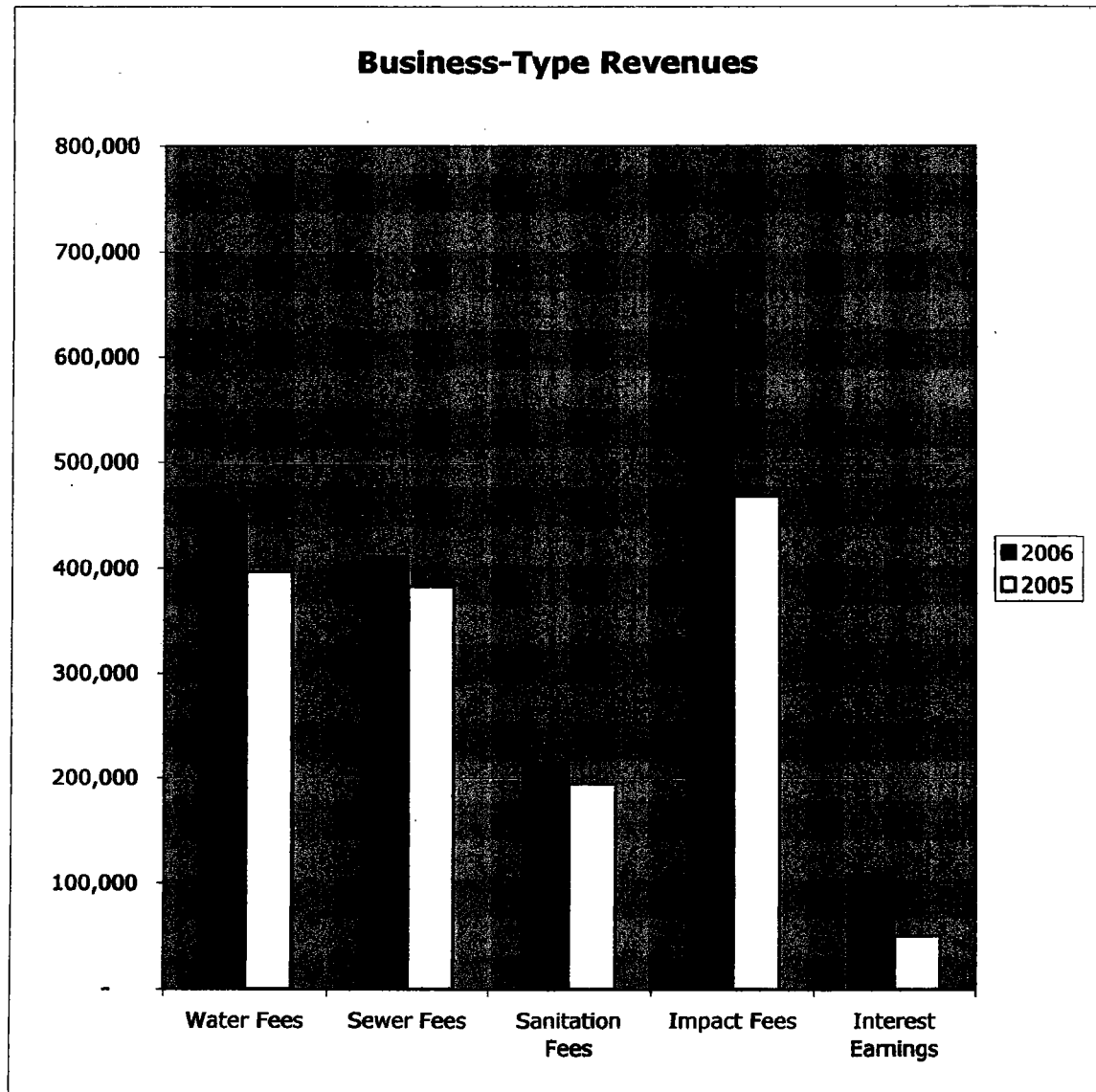
**Enoch City
Governmental Expenditures
For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
General Government	357,802	326,094
Public Safety	540,512	305,361
Highways & Streets	557,157	352,442
Park & Recreation	56,834	28,316
Total Expenditures	1,512,305	1,012,213



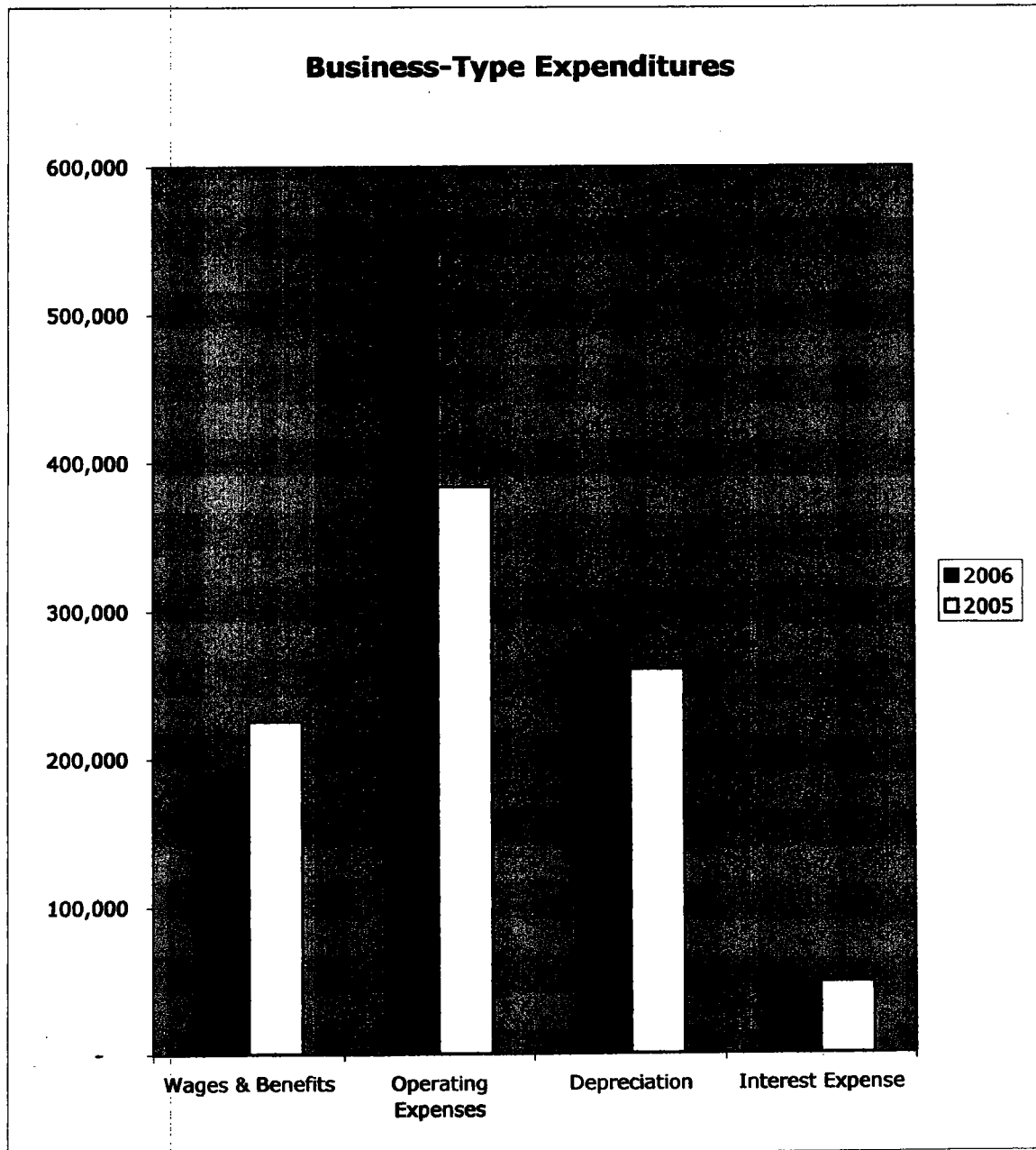
Enoch City
Business-Type Revenues
For The Fiscal Years Ending June 30, 2006 and 2005

	2006	2005
Water Fees	461,691	396,665
Sewer Fees	411,290	382,938
Sanitation Fees	214,820	194,424
Impact Fees	681,500	468,300
Interest Earnings	109,516	50,849
Total Revenues	<u>1,878,817</u>	<u>1,493,176</u>



Enoch City
Business Type Expenditures
For The Fiscal Years Ending June 30, 2006 and 2005

	2006	2005
Wages & Benefits	191,334	225,530
Operating Expenses	542,006	383,685
Depreciation	279,845	260,587
Interest Expense	48,234	48,974
Total Expenditures	1,061,419	918,776



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BASIC FINANCIAL STATEMENTS

**ENOCH CITY
STATEMENT OF NET ASSETS**

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1,383,048	3,384,798	4,767,846
Accounts Receivable	22,576	111,412	133,988
Taxes Receivable	22,596	-	22,596
Due From Other Government Units	40,061	-	40,061
Total Current Assets	1,468,281	3,496,210	4,964,491
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	130,000	130,000
Capital Assets (Net of Accumulated Depreciation):			
Land	853,000	128,377	981,377
Water Shares	-	58,375	58,375
Buildings	493,824	48,863	542,687
Improvements Other Than Buildings	-	6,313,766	6,313,766
Equipment and Vehicles	97,800	242,850	340,650
Infrastructure	2,586,205	-	2,586,205
Construction in Progress	-	319,710	319,710
Total Noncurrent Assets	4,030,829	7,241,941	11,272,770
TOTAL ASSETS	5,499,110	10,738,151	16,237,261
LIABILITIES			
Current Liabilities:			
Accounts Payable	277,305	-	277,305
Deposits Payable	-	74,928	74,928
Bond Interest Payable	-	9,000	9,000
Bonds Payable - Due Within One Year	-	140,183	140,183
Total Current Liabilities	277,305	224,111	501,416
Noncurrent Liabilities:			
Bonds Payable - Due More Than One Year	-	3,220,609	3,220,609
Compensated Absences	34,886	-	34,886
Total Noncurrent Liabilities	34,886	3,220,609	3,255,495
TOTAL LIABILITIES	312,191	3,444,720	3,756,911
NET ASSETS			
Investment in Capital Assets, Net of Debt	4,030,829	3,891,390	7,922,219
Restricted For:			
Bond Retirement	-	130,000	130,000
Class C Road	329,616	-	329,616
Impact Fees	317,504	2,427,313	2,744,817
Unrestricted	508,970	844,728	1,353,698
TOTAL NET ASSETS	5,186,919	7,293,431	12,480,350
TOTAL LIABILITIES AND NET ASSETS	5,499,110	10,738,151	16,237,261

The notes to the financial statements are an integral part of this statement.

ENOCH CITY **STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Function/Programs Primary Government: Governmental Activities:	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
General Government	357,802	354,037	5,400	-
Public Safety	540,512	30,520	3,804	-
Highways and Public Improvements	557,157	1,375	179,765	-
Park and Recreation	56,834	22,454	2,500	-
Interest Expense	-	-	-	-
Total Governmental Activities	1,512,305	408,386	191,469	-
Business-Type Activities:				
Water Fund	487,995	461,691	-	-
Sewer Fund	299,970	411,290	-	-
Sanitation Fund	225,220	214,820	-	-
Total Business-Type Activities	1,013,185	1,087,801	-	-
Total Primary Government	2,525,490	1,496,187	191,469	-
General Revenues:				
Property Taxes				189,510
Fee-In-Lieu of Property Taxes				53,998
Sales Taxes				321,829
Franchise Taxes				22,105
Telecommunications Tax				46,283
Impact Fees				681,500
Contribution To Infrastructure				1,076,400
Unrestricted Investment Earnings				109,516
Total General Revenues				2,681,367
Change in Net Assets				1,795,299
Net Assets - Beginning				10,685,051
Net Assets - Ending				12,480,350

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	1,135,245	247,803	1,383,048
Accounts Receivable (Net)	22,576	-	22,576
Taxes Receivable	22,596		22,596
Due From Other Government Units	40,061	-	40,061
TOTAL ASSETS	<u>1,220,478</u>	<u>247,803</u>	<u>1,468,281</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	277,305	-	277,305
Total Liabilities	<u>277,305</u>	<u>-</u>	<u>277,305</u>
Fund Balances:			
Reserved For:			
Class C Road	329,616	-	329,616
Impact Fees	317,504	-	317,504
Unreserved, Reported In:			
General Fund	296,053	-	296,053
Capital Project Fund	-	247,803	247,803
Total Fund Balance	<u>943,173</u>	<u>247,803</u>	<u>1,190,976</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>1,220,478</u>	<u>247,803</u>	<u>1,468,281</u>

The notes to the financial statements are an integral part of this statement.

ENOCH CITY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2006

Total Fund Balances - Governmental Fund Types	1,190,976
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Land	853,000	
Buildings	493,824	
Equipment	97,800	
Infrastructure	<u>2,586,205</u>	
Total		4,030,829

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds:

Compensated Absences	<u>(34,886)</u>
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Net Assets of Government Activities	<u><u>5,186,919</u></u>
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ENOCH CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2006

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes	633,725	-	633,725
Licenses and Permits	321,357	-	321,357
Intergovernmental Revenue	191,479	-	191,479
Charges for Services	87,825	-	87,825
Fines and Forfeitures	55,305	-	55,305
Interest	66,917	8,209	75,126
Miscellaneous Revenues	48,990	-	48,990
Total Revenues	<u>1,405,598</u>	<u>8,209</u>	<u>1,413,807</u>
Expenditures:			
Current:			
General Government	320,287	9,869	330,156
Public Safety	524,595	-	524,595
Highways and Public Improvements	326,937	-	326,937
Parks and Recreation	53,633	-	53,633
Capital Outlay	24,750	-	24,750
Total Expenditures	<u>1,250,202</u>	<u>9,869</u>	<u>1,260,071</u>
Excess Revenues Over (Under) Expenditures	155,396	(1,660)	153,736
Other Financing Sources (Uses):			
Transfers In (Out)	<u>(72,630)</u>	<u>72,630</u>	<u>-</u>
Net Change In Fund Balance	82,766	70,970	153,736
Fund Balance - Beginning	<u>860,407</u>	<u>176,833</u>	<u>1,037,240</u>
Fund Balance - Ending	<u><u>943,173</u></u>	<u><u>247,803</u></u>	<u><u>1,190,976</u></u>

The notes to the financial statements are an integral part of this statement.

ENOCH CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	153,736
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Contribution to Capital Assets	1,076,400	
Capital Outlay	24,750	
Depreciation Expense	<u>(271,404)</u>	
 Total		 829,746

Some expenses reported in the statement of activities do not require
the use of current financial resources and, therefore, are not reported as
expenditures in governmental funds:

Compensated Absences	<u>(5,581)</u>
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Changes In Net Assets of Governmental Activities	<u><u>977,901</u></u>
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**ENOCH CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation Fund	Totals
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	1,430,361	1,947,570	6,867	3,384,798
Accounts Receivable	<u>49,782</u>	<u>43,237</u>	<u>18,393</u>	<u>111,412</u>
Total Current Assets	<u>1,480,143</u>	<u>1,990,807</u>	<u>25,260</u>	<u>3,496,210</u>
Noncurrent Assets:				
Investments - Restricted:				
Bond Retirement	-	130,000	-	130,000
Capital Assets: (Net of Accum. Depr.)				
Land	105,127	23,250	-	128,377
Water Shares	58,375	-	-	58,375
Buildings	17,863	31,000	-	48,863
Improvements Other Than Buildings	2,502,066	3,811,700	-	6,313,766
Equipment	12,750	-	230,100	242,850
Construction in Progress	<u>319,710</u>	<u>-</u>	<u>-</u>	<u>319,710</u>
Total Noncurrent Assets	<u>3,015,891</u>	<u>3,995,950</u>	<u>230,100</u>	<u>7,241,941</u>
TOTAL ASSETS	<u>4,496,034</u>	<u>5,986,757</u>	<u>255,360</u>	<u>10,738,151</u>
LIABILITIES:				
Current Liabilities:				
Deposits Payable	74,928	-	-	74,928
Bond Interest Payable	9,000	-	-	9,000
Bonds Payable - Due Within One Year	<u>23,000</u>	<u>117,183</u>	<u>-</u>	<u>140,183</u>
Total Current Liabilities	<u>106,928</u>	<u>117,183</u>	<u>-</u>	<u>224,111</u>
Noncurrent Liabilities:				
Bonds Payable - Due More Than One Year	<u>521,366</u>	<u>2,699,243</u>	<u>-</u>	<u>3,220,609</u>
TOTAL LIABILITIES	<u>628,294</u>	<u>2,816,426</u>	<u>-</u>	<u>3,444,720</u>
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	2,611,766	1,049,524	230,100	3,891,390
Restricted for:				
Bond Retirement	-	130,000	-	130,000
Impact Fees	698,919	1,728,394	-	2,427,313
Unrestricted	<u>557,055</u>	<u>262,413</u>	<u>25,260</u>	<u>844,728</u>
TOTAL NET ASSETS	<u>3,867,740</u>	<u>3,170,331</u>	<u>255,360</u>	<u>7,293,431</u>
TOTAL LIABILITIES AND NET ASSETS	<u>4,496,034</u>	<u>5,986,757</u>	<u>255,360</u>	<u>10,738,151</u>

The notes to the financial statements are an integral part of this statement.

ENOCH CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2006

	Business-Type Activity Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation Fund	Totals
Operating Revenues:				
Charges for Sales and Services:				
Water Sales	386,547	-	-	386,547
Sewer Sales	-	399,190	-	399,190
Sanitation Collection Fees	-	-	214,820	214,820
Connection Fees	50,175	12,100	-	62,275
Penalties	20,989	-	-	20,989
Other Income	3,980	-	-	3,980
Total Operating Revenues	461,691	411,290	214,820	1,087,801
Operating Expenses:				
Salaries, Wages and Benefits	98,628	45,563	47,143	191,334
Materials, Supplies and Services	279,410	126,180	136,416	542,006
Depreciation	109,957	128,227	41,661	279,845
Total Operating Expenses	487,995	299,970	225,220	1,013,185
Operating Income	(26,304)	111,320	(10,400)	74,616
Nonoperating Revenues (Expenses):				
Impact Fees	407,300	274,200	-	681,500
Interest Income	34,923	74,593	-	109,516
Interest Expense	(13,784)	(34,450)	-	(48,234)
Total Nonoperating Revenues (Expenses)	428,439	314,343	-	742,782
Change in Net Assets	402,135	425,663	(10,400)	817,398
Total Net Assets - Beginning	3,465,605	2,744,668	265,760	6,476,033
Total Net Assets - Ending	3,867,740	3,170,331	255,360	7,293,431

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation Fund	Totals
Cash Flows From Operating Activities:				
Receipts From Customers	479,334	406,261	212,468	1,098,063
Payments to Suppliers	(301,444)	(126,299)	(142,078)	(569,821)
Payments to Employees	(98,628)	(45,563)	(47,143)	(191,334)
Net Cash Provided by Operating Activities	<u>79,262</u>	<u>234,399</u>	<u>23,247</u>	<u>336,908</u>
Cash Flows From Capital and Related Financing Activities:				
Principal Paid on Capital Debt	(23,000)	(116,824)	-	(139,824)
Interest Paid on Capital Debt	(14,404)	(34,448)	-	(48,852)
Impact Fees	407,300	274,200	-	681,500
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>369,896</u>	<u>122,928</u>	<u>-</u>	<u>492,824</u>
Cash Flows from Investing Activities:				
Interest Received	34,923	74,593	-	109,516
Purchase of Equipment	(179,250)	-	-	(179,250)
Construction In Progress	(170,835)	-	(200,500)	(371,335)
Net Cash Provided (Used) by Investing Activities	<u>(315,162)</u>	<u>74,593</u>	<u>(200,500)</u>	<u>(441,069)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	133,996	431,920	(177,253)	388,663
Cash and Cash Equivalents - Beginning	<u>1,296,365</u>	<u>1,645,650</u>	<u>184,120</u>	<u>3,126,135</u>
Cash and Cash Equivalents - Ending	<u>1,430,361</u>	<u>2,077,570</u>	<u>6,867</u>	<u>3,514,798</u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:				
Operating Income	(26,304)	111,320	(10,400)	74,616
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:				
Depreciation	109,957	128,227	41,661	279,845
Increase (Decrease) in Operating Assets:				
Accounts Receivable	(9,567)	(5,029)	(2,352)	(16,948)
Accounts Payable	(22,034)	(119)	(5,662)	(27,815)
Deposits Payable	27,210	-	-	27,210
Total Adjustments	<u>105,566</u>	<u>123,079</u>	<u>33,647</u>	<u>262,292</u>
Net Cash Provided (Used) by Operating Activities	<u>79,262</u>	<u>234,399</u>	<u>23,247</u>	<u>336,908</u>

The notes to the financial statements are an integral part of this statement.

ENOCK CITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Enoch City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity

Enoch City is a municipal corporation in Iron County, Utah. It is governed by an elected Mayor and a five member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Enoch City, the reporting entity. The City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Enoch City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Fund account for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the City water, sewer and sanitation operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and sanitation funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Building and Improvements	40 Years
Utility Systems	40 Years
Machinery and Equipment	5 - 10 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes:

Property taxes are assessed and collected for the City by Iron County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

Enoch City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At year end, the carrying amount of the City's deposits was \$263,876 and the bank balance was \$291,544. Of the bank balance, \$100,000 was covered by federal depository insurance. Utah state statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. Petty cash was \$300.

**ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2006, consist of the following:

	<u>Fair Value</u>
Cash On Hand	300
Demand Deposits	263,876
Investments - PTIF	<u>4,633,670</u>
Total Cash and Investments	<u><u>4,897,846</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	1,383,048
Business-Type Activities - Unrestricted	3,384,798
Business-Type Activities - Restricted	<u>130,000</u>
Total Cash and Cash Equivalents	<u><u>4,897,846</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that City funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

ENOC CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$191,544 of the local government's bank balances of \$291,544 were uninsured and uncollateralized.

ENOCK CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$4,633,670 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - BOND RESERVES

Enoch City's Wastewater Revenue Bond requires a \$108,000 reserve to be established by reserving \$900 per month for ten years. At year end the balance in this reserve account was \$108,000. Also, the City's loan with Rural Development requires a reserve at year end of \$22,000. The balance at year end was \$22,000.

NOTE 4 - ACCOUNTS RECEIVABLE - UTILITY FUND

Accounts receivable in the Utility Fund represents customer balances at June 30, 2006.

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	313,000	-	-	313,000
Land Related to Infrastructure	<u>390,000</u>	<u>150,000</u>	-	<u>540,000</u>
 Total Capital Assets Not Being Depreciated	 <u>703,000</u>	 <u>150,000</u>	 -	 <u>853,000</u>
 Capital Assets Being Depreciated:				
Buildings	659,000	-	-	659,000
Equipment	101,000	-	-	101,000
Vehicles	150,500	24,750	-	175,250
Infrastructure	<u>3,320,000</u>	<u>926,400</u>	-	<u>4,246,400</u>
 Total Capital Assets Being Depreciated	 <u>4,230,500</u>	 <u>951,150</u>	 -	 <u>5,181,650</u>
 Less Accumulated Depreciation For:				
Buildings	143,842	21,334	-	165,176
Equipment	67,700	12,500	-	80,200
Vehicles	73,000	25,250	-	98,250
Infrastructure	<u>1,447,875</u>	<u>212,320</u>	-	<u>1,660,195</u>
 Total Accumulated Depreciation	 <u>1,732,417</u>	 <u>271,404</u>	 -	 <u>2,003,821</u>
 Total Capital Assets Being Depreciated (Net)	 <u>2,498,083</u>	 <u>679,746</u>	 -	 <u>3,177,829</u>
 Governmental Activities Capital Assets, Net	 <u>3,201,083</u>	 <u>829,746</u>	 -	 <u>4,030,829</u>

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	88,017	40,360	-	128,377
Water Stock	58,375	-	-	58,375
Construction in Progress	<u>140,241</u>	<u>179,470</u>	-	<u>319,711</u>
 Total Capital Assets Not Being Depreciated	 <u>286,633</u>	 <u>219,830</u>	 -	 <u>506,463</u>
 Capital Assets Being Depreciated:				
Buildings	63,775	-	-	63,775
Utility Systems	8,750,076	114,625	-	8,864,701
Equipment and Vehicles	<u>639,467</u>	<u>216,350</u>	-	<u>855,817</u>
 Total Capital Assets Being Depreciated	 <u>9,453,318</u>	 <u>330,975</u>	 -	 <u>9,784,293</u>
 Less Accumulated Depreciation For:				
Buildings	13,194	1,718	-	14,912
Utility Systems	2,335,298	231,488	-	2,566,786
Equipment and Vehicles	<u>550,478</u>	<u>46,639</u>	-	<u>597,117</u>
 Total Accumulated Depreciation	 <u>2,898,970</u>	 <u>279,845</u>	 -	 <u>3,178,815</u>
 Total Capital Assets Being Depreciated (Net)	 <u>6,554,348</u>	 <u>51,130</u>	 -	 <u>6,605,478</u>
 Business Type Activities Capital Assets, Net	 <u>6,840,981</u>	 <u>270,960</u>	 -	 <u>7,111,941</u>
 Total Capital Assets	 <u><u>10,042,064</u></u>	 <u><u>1,100,706</u></u>	 <u>-</u>	 <u><u>11,142,770</u></u>

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	Governmental Activities	Business Type Activities	Total
General Government	19,600	-	19,600
Public Safety	15,917	-	15,917
Public Health	-	279,845	279,845
Highways and Public Improvements	232,687	-	232,687
Parks and Recreation	3,200	-	3,200
Total Depreciation Expense	<u>271,404</u>	<u>279,845</u>	<u>551,249</u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable represents amounts owed various vendors at June 30, 2006, and paid in subsequent periods.

NOTE 7 - LONG-TERM DEBT

Compensated Absences:

The City was liable for accrued vacation pay of \$34,886 at June 30, 2006. The following is a statement of changes in General Long-Term Debt:

	Balance June 30, 2005	Issued	Retired	Balance June 30, 2006
Accrued Vacation Pay	<u>29,306</u>	<u>5,580</u>	<u>-</u>	<u>34,886</u>

Utility Long-Term Debt

Water System:

C.I. B. Water System Improvement Loan:

On April 27, 1994, the Permanent Community Impact Fund Board authorized a \$517,600 grant and a \$776,400 loan to Enoch City for the construction of water system improvements, including the construction of a 2.0 million gallon storage tank, supply line, transmission line and booster pump station. The terms of the loan require yearly payments with an interest rate of 2.5%.

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity on the C.I.B. Loan:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	23,000	13,609	36,609
2007-2008	24,000	13,034	37,034
2008-2009	24,000	12,434	36,434
2009-2010	25,000	11,834	36,834
2010-2011	26,000	11,209	37,209
2012-2016	138,000	46,070	184,070
2017-2021	156,000	27,945	183,945
2022-2026	128,366	7,786	136,152
Total	<u>544,366</u>	<u>143,921</u>	<u>688,287</u>

Sewer System:

Utah Water Quality Loan:

During 1994 the City obtained a loan from the Utah Water Quality Board in the amount of \$3,125,000. The loan is interest free and requires a 29 year payback as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	108,000	-	108,000
2007-2008	108,000	-	108,000
2008-2009	108,000	-	108,000
2009-2010	108,000	-	108,000
2010-2011	108,000	-	108,000
2012-2016	540,000	-	540,000
2017-2021	540,000	-	540,000
2022-2026	540,000	-	540,000
Total	<u>2,160,000</u>	<u>-</u>	<u>2,160,000</u>

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Wastewater Revenue Bonds:

During 1995/96 Enoch City issued Wastewater Revenue Bonds in the amount of \$350,000 to retire a bond anticipation note used in the construction of the City's new sewer system. The bonds require monthly payments of \$1,761 for 468 months including interest at 5.25% beginning in November of 1996. RECD is the holder of the bonds.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	4,608	16,524	21,132
2007-2008	4,850	16,282	21,132
2008-2009	5,104	16,028	21,132
2009-2010	5,372	15,760	21,132
2010-2011	5,654	15,478	21,132
2012-2016	33,050	72,611	105,661
2017-2021	42,685	62,975	105,660
2022-2026	55,128	50,532	105,660
2027-2031	71,202	34,458	105,660
2032-2036	86,177	12,888	99,065
Total	<u>313,830</u>	<u>313,536</u>	<u>627,366</u>

General Obligation Bonds:

The City also issued to USDA Rural Development, General Obligation Bonds to retire another bond anticipation note. This bond is for \$375,000 and requires an annual payment of \$22,140 for 40 years beginning in October of 1997. This bond carries an interest rate of 5.125%.

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	4,575	17,565	22,140
2007-2008	4,810	17,330	22,140
2008-2009	5,057	17,083	22,140
2009-2010	5,316	16,824	22,140
2010-2011	5,589	16,551	22,140
2012-2016	32,550	78,150	110,700
2017-2021	41,800	68,900	110,700
2022-2026	53,681	57,019	110,700
2027-2031	68,936	41,764	110,700
2032-2036	88,528	22,172	110,700
2037-2041	31,754	1,619	33,373
	<u>342,596</u>	<u>354,977</u>	<u>697,573</u>
Total			

The following is a summary of total debt service charges to maturity for the Utility Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	140,183	47,698	187,881
2007-2008	141,660	46,646	188,306
2008-2009	142,161	45,545	187,706
2009-2010	143,688	44,418	188,106
2010-2011	145,243	43,238	188,481
2012-2016	743,600	196,831	940,431
2017-2021	780,485	159,820	940,305
2022-2026	777,175	115,337	892,512
2027-2031	140,138	76,222	216,360
2032-2036	174,705	35,060	209,765
2037-2041	31,754	1,619	33,373
	<u>3,360,792</u>	<u>812,434</u>	<u>4,173,226</u>
Total			

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)

The following is a statement of changes in the utility long-term debt:

Bonds and Notes Payable:	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2005	Current Year Changes		Outstanding June 30, 2006
					Issued	Matured	
Water System:							
C.I.B. Water Loan	1994	2.500%	<u>776,400</u>	<u>567,366</u>	-	<u>23,000</u>	<u>544,366</u>
Total Water System			<u>776,400</u>	<u>567,366</u>	-	<u>23,000</u>	<u>544,366</u>
Sewer System:							
Water Quality - Loan	1994	0.000%	<u>3,125,000</u>	<u>2,268,000</u>	-	<u>108,000</u>	<u>2,160,000</u>
RECD (FHA) - Revenue Bonds	1996	5.250%	<u>350,000</u>	<u>318,574</u>	-	<u>4,744</u>	<u>313,830</u>
USDA - G.O. Bonds	1996	5.125%	<u>375,000</u>	<u>346,676</u>	-	<u>4,080</u>	<u>342,596</u>
Total Sewer System			<u>3,850,000</u>	<u>2,933,250</u>	-	<u>116,824</u>	<u>2,816,426</u>
Total Bonds and Notes Payable			<u>4,626,400</u>	<u>3,500,616</u>	-	<u>139,824</u>	<u>3,360,792</u>

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 8 - CLASS "C" ROADS

The following is a statement of receipts and disbursements in Class "C" Roads:

BALANCE - BEGINNING OF YEAR		331,987
Receipts:		
State of Utah Allotments	179,765	
Interest	<u>17,842</u>	
Total Receipts		197,607
Disbursements:		
Construction and Maintenance		<u>(199,978)</u>
BALANCE - END OF YEAR		<u><u>329,616</u></u>

NOTE 9 - IMPACT FEES

Effective June 4, 1997, the City adopted an impact fee ordinance for the purpose of requiring that existing as well as new development pay for the fair share of public facilities through impact fees which will be used to finance, defray or reimburse the City for all or a portion of the costs of public facilities which serve such development. The amount of the impact fee shall be calculated and based on the impact of new development on public facilities.

The impact fees will be based on the following schedule:

	<u>Residential</u>	<u>Commercial</u>
Water	2,100	3,150
Wastewater	1,800	2,700
Parks and Trails	400	600
Police	100	200
Streets	<u>100</u>	<u>150</u>
	<u><u>4,500</u></u>	<u><u>6,800</u></u>

ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 9 - IMPACT FEES (CONTINUED)

The following is a schedule of impact fees received and expended for the year:

	<u>Streets</u>	<u>Parks</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance:					
June 30, 2005	46,163	158,348	503,737	1,394,292	2,102,540
Receipts:					
Fees	44,700	60,400	407,300	274,200	786,600
Interest	2,458	7,913	28,777	64,886	104,034
Disbursements	<u>-</u>	<u>(2,478)</u>	<u>(240,895)</u>	<u>(4,984)</u>	<u>(248,357)</u>
Balance:					
June 30, 2006	<u>93,321</u>	<u>224,183</u>	<u>698,919</u>	<u>1,728,394</u>	<u>2,744,817</u>

The City is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the system, or other expenditures as allowed by law. These funds must be expended within six years from receipt or the funds must be returned with interest to the payer.

NOTE 10 - PENSION PLANS

Local Governmental - Cost Sharing:

Plan Description:

Enoch City contributes to the Local Governmental Noncontributory Retirement System and the Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**ENOCH CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 10 - PENSION PLANS (CONTINUED)

Funding Policy:

Enoch City is required to contribute a percent of covered salary to the respective systems; 11.09% to the Noncontributory System and 19.34% to the Public Safety Noncontributory System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Enoch City contributions to the various systems for the years ending June 30, 2006, 2005 and 2004 respectively were; for the Noncontributory System, \$35,809.86, \$29,466.12 and \$23,109.61; for the Public Safety Noncontributory, \$26,436.38, \$16,927.45 and \$6,495.98 respectively. The contributions were equal to the required contributions for each year.

NOTE 11 - RISK MANAGEMENT

Enoch City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries and disasters. The City is insured through the Utah Local Government Trust for general liability coverage. The limits of coverage is \$2,000,000 with no deductible for each occurrence for both comprehensive general liability and automobile liability. Uninsured motorist has a \$50,000 limit per each accident.

The City is also insured through the Utah Local Governments Trust for property coverage. This policy provides all risk coverage with a \$1,000 deductible for buildings, contents and contractors equipment.

The City has a medical policy through the Trust for health and accident insurance for the City employees. The City pays the total premium for this coverage.

Claims have not exceeded coverage in any of the last three calendar years.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**ENOCH CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2005	<u>860,407</u>	<u>860,407</u>	<u>860,407</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	166,804	175,000	175,273	273
Delinquent Prior Years Taxes	13,000	13,000	14,237	1,237
Fee-In-Lieu	40,000	40,000	53,998	13,998
General Sales and Use Taxes	280,000	305,000	321,829	16,829
Telecommunications Tax	-	45,000	46,283	1,283
Franchise Taxes	<u>52,000</u>	<u>20,000</u>	<u>22,105</u>	<u>2,105</u>
Total Taxes	<u>551,804</u>	<u>598,000</u>	<u>633,725</u>	<u>35,725</u>
Licenses and Permits:				
Business Licenses	6,000	3,400	3,325	(75)
Franchise Fees	-	2,500	1,262	(1,238)
Building Permits	62,500	195,000	209,254	14,254
Impact Fees - Streets	81,000	40,000	38,300	(1,700)
Impact Fees - Parks	81,000	85,000	60,400	(24,600)
Impact Fees - Police	-	6,000	6,400	400
Animal Licenses	1,500	1,500	1,541	41
Street and Curb Permits	<u>200</u>	<u>800</u>	<u>875</u>	<u>75</u>
Total Licenses and Permits	<u>232,200</u>	<u>334,200</u>	<u>321,357</u>	<u>(12,843)</u>
Intergovernmental Revenue:				
Class C Road	180,000	180,000	179,765	(235)
State Grants	6,000	1,861	2,261	400
Iron County Recreation Funds	2,500	2,500	2,500	-
State Liquor Allotment	2,500	1,543	1,543	-
HUD and Piute Housing	-	450	450	-
Special Fuel Tax Refund	<u>2,950</u>	<u>4,925</u>	<u>4,960</u>	<u>35</u>
Total Intergovernmental Revenue	<u>193,950</u>	<u>191,279</u>	<u>191,479</u>	<u>200</u>

Continued

**ENOCH CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows) Continued:				
Charges for Services:				
Zoning and Subdivision Fees	20,000	50,000	35,892	(14,108)
Street Paving	-	500	500	-
Cemetery Lot Sales	-	15,750	16,450	700
Grave Openings	5,500	1,500	1,775	275
Dispatch Fee	-	16,000	16,416	416
Police Fees	22,000	500	500	-
Restitution Collected	-	500	266	(234)
Recreation Fees	5,300	11,250	4,229	(7,021)
Animal Shelter Fees	-	10,800	11,797	997
Total Charges for Services	<u>52,800</u>	<u>106,800</u>	<u>87,825</u>	<u>(18,975)</u>
Fines and Forfeitures	<u>60,000</u>	<u>50,000</u>	<u>55,305</u>	<u>5,305</u>
Other Revenue:				
Interest	30,100	63,500	66,917	3,417
Rents	-	15,600	15,550	(50)
Other	14,600	22,406	33,440	11,034
Use of Fund Balance	<u>308,250</u>	<u>423,719</u>	<u>-</u>	<u>(423,719)</u>
Total Miscellaneous Revenue	<u>352,950</u>	<u>525,225</u>	<u>115,907</u>	<u>(409,318)</u>
Amounts Available for Appropriation	<u>2,304,111</u>	<u>2,665,911</u>	<u>2,266,005</u>	<u>(399,906)</u>
Charges to Appropriations (Outflows):				
General Government:				
City Council	15,800	15,300	11,730	3,570
Administration	209,600	342,329	311,499	30,830
Planning Commission	<u>11,100</u>	<u>11,100</u>	<u>9,058</u>	<u>2,042</u>
Total General Government	<u>236,500</u>	<u>368,729</u>	<u>332,287</u>	<u>36,442</u>

**ENOCH CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows) Continued:				
Public Safety:				
Police Department	359,050	339,853	331,168	8,685
Animal Control	64,960	87,610	79,432	8,178
Public Services	-	56,211	55,158	1,053
Building and Zoning	-	73,981	71,587	2,394
Emergency Services	1,000	-	-	-
Total Public Safety	<u>425,010</u>	<u>557,655</u>	<u>537,345</u>	<u>20,310</u>
Highway and Public Improvements:				
Repairs and Maintenance	<u>524,200</u>	<u>560,100</u>	<u>326,937</u>	<u>233,163</u>
Parks and Public Property:				
Parks	188,600	200,150	47,463	152,687
Recreation	7,300	7,300	4,698	2,602
Libraries	32,024	-	-	-
Cemetery	1,000	6,400	1,472	4,928
Total Culture and Recreation	<u>228,924</u>	<u>213,850</u>	<u>53,633</u>	<u>160,217</u>
Nondepartmental:				
Transfer to Capital Improvement Fund	-	82,500	72,630	9,870
Increase in Fund Balance	<u>29,070</u>	<u>22,670</u>	<u>-</u>	<u>22,670</u>
Total Nondepartmental	<u>29,070</u>	<u>105,170</u>	<u>72,630</u>	<u>32,540</u>
Total Charges to Appropriations	<u>1,443,704</u>	<u>1,805,504</u>	<u>1,322,832</u>	<u>482,672</u>
Budgetary Fund Balance - June 30, 2006	<u>860,407</u>	<u>860,407</u>	<u>943,173</u>	<u>82,766</u>

**ENOCH CITY
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	2,266,005
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(860,407)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>1,405,598</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	1,322,832
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>1,322,832</u></u>

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is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
Enoch City
Enoch, Utah 84720

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Enoch City as and for the year ended June 30, 2006, which collectively comprise Enoch City's basic financial statements and have issued our report thereon dated October 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

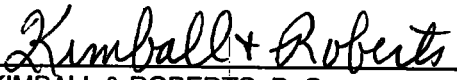
In planning and performing our audit, we considered Enoch City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Enoch City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and City Council
Enoch City
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This report is intended solely for the information and use management and City Council and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 12, 2006
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and City Council
Enoch City
Enoch, Utah 84720

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Enoch City, for the fiscal year ended June 30, 2006, and have issued our report thereon dated October 12, 2006. As part of our audit, we have audited Enoch City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The City also received the following nonmajor grant, which is not required to be audited for specific compliance requirements: (However, this program was subject to testwork as part of the audit of Enoch City's financial statements.)

Public Safety Grant (Department of Public Safety)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements

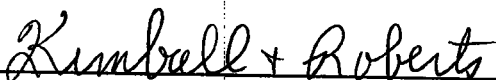
The management of Enoch City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Honorable Mayor and City Council
Enoch City
Page -2-

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Enoch City, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the fiscal year ended June 30, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 12, 2006
Richfield, Utah